

## **P O L I C Y   S T A T M E N T**

### **Discount Brokerage Services Offered by Banks**

This office has received several inquiries from banks and similar financial institutions which want to offer discount brokerage services in West Virginia. A common question is whether or not the bank or similar financial institution must register as a broker-dealer or agent.

The West Virginia Commissioner of Securities takes the position that such registration is not required, subject to the following conditions:

1. All broker-dealers involved in the offer or sale of securities through West Virginia banks or similar financial institutions are West Virginia registered broker-dealers.
2. The anti-fraud provisions of the West Virginia Securities Act (the "Act ") apply to both the bank or similar financial institution and the broker-dealer.
3. The broker-dealer is responsible for determining investor suitability and will maintain records documenting such suitability.
4. No bank or similar financial institution employee will provide investment advice.
5. All trades executed for bank customers are securities registered in West Virginia, unless they are exempt from the registration requirements of the Act.

Any advertising by banks or similar financial institutions of discount brokerage services will eliminate the availability of the unsolicited transaction exemption under §32-4-402(b)(3) of the Act.

Glen M. Nichols  
Executive Director  
West Virginia Securities Division  
July 9, 1993